

UNITED STATES DISTRICT COURT  
DISTRICT OF DELAWARE

In re INACOM CORP., et al.	) Chapter 11
Debtors	) Bankruptcy Case No.
	) 00-2426 (PJW)
INACOM CORP., et al.	)
v.	) Civil Action No.
TECH DATA CORPORATION	) 04-CV-148 (GMS)
	)
INACOM CORP., et al.	)
v.	) Civil Action No.
INGRAM MICRO INC.	) 04-CV-580 (GMS)
	)
INACOM CORP., et al.	)
v.	) Civil Action No.
DELL COMPUTER CORP.	) 04-CV-582 (GMS)
	)
INACOM CORP., et al.	)
v.	) Civil Action No.
LEXMARK INTERNATIONAL, INC.	) 04-CV-583 (GMS)
	)
INACOM CORP., et al.	)
v.	) Civil Action No.
RESILIEN, INC.	) 04-CV-584 (GMS)
	)
INACOM CORP., et al.	)
v.	) Civil Action No.
INGRAM ENTERTAINMENT INC.	) 04-CV-593 (GMS)
	)

ORAL DEPOSITION OF

LAZARUS KRIKORIAN

January 7, 2005

COPY

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Defendant )  
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Defendant )  
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-----  
INACOM CORP., et al.  
Plaintiff

v.

INGRAM ENTERTAINMENT INC.  
Defendant  
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)  
)  
) Civil Action No.  
) 04-CV-593 (GMS)  
)  
)  
)

\* - \* - \* - \* - \*

**ORAL DEPOSITION OF LAZARUS KRIKORIAN**

On the 7th day of January, 2005, between the hours of 9:05 a.m. and 12:40 p.m., at the Wyndham Valley Forge Hotel, 888 Chesterbrook Boulevard, Wayne, Pennsylvania, before me, CYNTHIA VOHLKEN, a Certified Shorthand Reporter for the State of Texas, appeared **LAZARUS KRIKORIAN**, who, being by me first duly sworn, gave an oral deposition at the instance of the Defendant Tech Data Corporation in said cause, pursuant to the Federal Rules of Civil Procedure.

A P P E A R A N C E S

FOR THE PLAINTIFF INACOM CORP.:

**Mr. Andrew W. Caine**  
Pachulski, Stang, Ziehl, Young,  
Jones & Weintraub  
10100 Santa Monica Boulevard  
11th Floor  
Los Angeles, California 90067-4100

FOR THE EXECUTIVE SOUNDING BOARD ASSOCIATION, INC. AS  
PLAN ADMINISTRATOR:

**Mr. Elio Battista, Jr.**  
Blank Rome LLP  
Chase Manhattan Centre  
1201 Market Street, Suite 800  
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-and-

**Mr. Earl M. Forte**  
(By Telephonic Means)  
Blank Rome LLP  
One Logan Square  
18th & Cherry Streets  
Philadelphia, Pennsylvania 19103-6998

FOR THE DEFENDANT TECH DATA CORPORATION:

**Mr. Stephen C. Hunt**  
Adorno & Yoss, LP  
350 East Las Olas Boulevard  
17th Floor  
Fort Lauderdale, Florida 33301

FOR THE DEFENDANT DELL COMPUTER CORPORATION:

**Ms. Sabrina L. Streusand**  
Hughes & Luce, LLP  
111 Congress Avenue  
Suite 900  
Austin, Texas 78701

1 Q. Did that ever change over the time that you  
2 were working at InaCom?

3 A. In the post-petition period, you know, Tom  
4 Fitzpatrick left and I sort of reported up through  
5 Bridge Associates in a -- in a -- in a manner, sure. 08:19

6 Q. Would you identify which function Bridge  
7 Associates had with respect to InaCom during the  
8 post-petition period?

9 A. The way I look at it is they administered the  
10 whole -- the whole post-petition process of -- of the 08:20  
11 estate of income, protecting -- you know, protecting  
12 and trying to collect as much assets as possible for  
13 the estate for the future use of creditors.

14 Q. Were you involved with the advance planning  
15 for the sale of the hardware business to Compaq? 08:20

16 A. No.

17 Q. At some point since you joined the company  
18 prior to the closing did you have any involvement with  
19 the sale?

20 A. No. 08:20

21 Q. Isn't it true that at one point prior to the  
22 bankruptcy proceeding there was some consideration  
23 regarding the sale of the servicing business to  
24 CompuCom?

25 A. Yes. 08:20

1 Q. Were you involved in any way with the  
2 discussions regarding that proposed sale?

3 A. No, not directly. I was involved in a manner  
4 such that, you know, I was working with KPMG to  
5 facilitate getting audited financials complete for the 08:21  
6 1999 year, which obviously CompuCom would need in  
7 the -- in the subsequent SEC filing.

8 Q. Was it in connection with the CompuCom sale  
9 that you discovered a substantial footing error with  
10 some reporting? 08:21

11 A. No. It had nothing to do with the CompuCom  
12 sale.

13 Q. What did that have to do with?

14 A. It's just, you know, I discovered footing and  
15 other mechanical and accounting errors in rebate -- in 08:21  
16 the rebate receivables area and I believe it was late  
17 February/early March and it was just in the -- in the  
18 course of trying to complete the audit.

19 Q. In functioning as controller of InaCom did  
20 you directly interact with any subordinates of the 08:22  
21 company?

22 A. My subordinates?

23 Q. Yes.

24 A. Sure.

25 Q. Please explain for me the types of people 08:22

1 recall Chris' last name were involved with service  
2 forecasts for the company in that -- during that time  
3 period.

4 Q. In your position as controller would you have  
5 typically reviewed service revenue forecasts?

11:02

6 A. Not in the circumstances in which I was  
7 operating under, no.

8 Q. Were you aware that there had been a downward  
9 revision to the service revenue forecasts for the  
10 second quarter of 2000 from those which were  
11 originally projected?

11:02

12 MR. ABBOTT: I'm going to object to the  
13 form.

14 MR. CAINE: Object no foundation.

15 A. No.

11:02

16 Q. (BY MR. HUNT) Mr. Krikorian, do you know how  
17 far the proposed sale to CompuCom proceeded before it  
18 was determined it would not happen?

19 A. I believe it proceeded very far. And at the  
20 end it's my understanding that the deal didn't go  
21 through because company management in KPMG could not  
22 assure -- safeguard that the -- could not assure them  
23 exactly when audited financials would be delivered.

11:03

24 Q. Did that also have an impact in CompuCom  
25 being unable to state an 8-K as required by the SEC

11:03

1 for that closing?

2 A. I'm sorry, can you repeat the question?

3 Q. Did that result in CompuCom not being able to  
4 state an 8-K for that proposed closing as would have  
5 been required by the SEC?

11:03

6 MR. CAINE: Objection, vague and  
7 ambiguous.

8 A. Well, the deal was never consummated, so why  
9 would an 8-K be filed?

10 Q. (BY MR. HUNT) Okay. Would you agree that  
11 the deal preceded far enough that it would have closed  
12 but for the issues that you mentioned regarding KPMG?

11:04

13 A. That's my understanding.

14 Q. Would you agree that the reasons that the  
15 CompuCom deal did not close were unrelated to the  
16 financial conditions of InaCom?

11:04

17 MR. CAINE: Objection, vague and  
18 ambiguous.

19 A. I don't know.

20 Q. (BY MR. HUNT) Do you recall how far into  
21 calendar year 2000 the sale discussions continued with  
22 CompuCom before the deal was -- before the deal was  
23 settled?

11:04

24 A. My understanding, discussions proceeded  
25 either up to a couple days before the actual filing

11:05



1 such a report?

2 A. I don't recall.

3 Q. From the time that you joined InaCom in  
4 January 2000 through the end of April of 2000 would  
5 you agree that InaCom was conducting its remaining  
6 business operations in the ordinary course? 11:10

7 MR. CAINE: Objection, vague and  
8 ambiguous.

9 MR. ABBOTT: Object to the form of the  
10 question. 11:11

11 A. To the best of my knowledge it was.  
12 Obviously it was dealing with a lot of obstacles, but  
13 yes.

14 Q. (BY MR. HUNT) Would you agree it was  
15 operating as an entity that was a going concern as  
16 opposed to one that was ready to close the doors in  
17 the near future? 11:11

18 MR. CAINE: Hang on a second. I'll use  
19 your object as to form.

20 MR. ABBOTT: I will do that one.

21 MR. CAINE: So many problems with it.

22 A. I think everybody was doing their best --  
23 doing their best from an operational standpoint.

24 Q. (BY MR. HUNT) Were you aware of any other  
25 entities besides CompuCom that expressed an interest 11:12

1 the commingled funds.

2 Q. Do you know what the liquidity or the  
3 borrowing authority InaCom had in April 2001?

4 A. No.

5 Q. If it was in the range of 89,681,203, would  
6 that have provided sufficiently liquidity for InaCom?

12:11

7 MR. ABBOTT: I'll object to the form of  
8 the question.

9 A. I don't know.

10 Q. (BY MS. STREUSAND) Do you know the amount  
11 that InaCom agreed in terms -- in terms of the muddled  
12 receivables, do you know in April 2000 if that number  
13 was quantified?

12:11

14 A. I don't know that there was a -- I don't know  
15 that there was any finalization on that number, no.  
16 I'm not aware that there was.

12:12

17 Q. Later in time do you know what that number  
18 was finalized to?

19 A. No, I don't.

20 Q. Do you know the sales price that was agreed  
21 to between CompuCom and InaCom?

12:12

22 A. No, I don't.

23 Q. Do you have any idea of the range?

24 A. I don't.

25 Q. Did you provide financial information to

12:13

1 CompuCom in order to help facilitate that sale?

2 A. I'm sure I probably did.

3 Q. Okay. Can you identify what type of  
4 documents you provided to help facilitate that sale?

5 A. I don't recall what they would have been. 12:13

6 Q. Were there forecasts of revenues from the  
7 service business provided or prepared by Bank Group in  
8 let's just say March or April of 2000?

9 A. I believe so.

10 Q. Do you have any memory of what those  
11 forecasts showed? 12:14

12 A. I do not.

13 Q. Do you know where they would have been kept  
14 in the files of InaCom?

15 A. I do not. 12:14

16 MS. STREUSAND: I also make the same  
17 request of either Blank Rome or Pachulski, if those  
18 documents can be identified or if you want to give us  
19 the index we'll try and determine where those are.

20 MR. HUNT: Join. 12:14

21 MR. CAINE: Okay.

22 MS. STREUSAND: And to further clarify,  
23 I do think it's part of our overall document request,  
24 but I notice as the witness is going forward these  
25 documents are getting more specific, but we do have 12:15

1 about KPMG as working with InaCom on the financials  
2 for '99 and '98 and you also had stated previously  
3 that Deloitte & Touche was also working with InaCom.  
4 What relationship did Deloitte & Touche have with  
5 InaCom versus KPMG's role?

12:18

6 A. Immediately prior to the bankruptcy filing,  
7 to the best of my recollection Deloitte & Touche had  
8 two primary roles. One was assisting me with  
9 gathering the information that would be required for a  
10 bankruptcy filing. The other one was working with Tom  
11 as it related to the -- I believe bank -- bank  
12 related, treasury related issues and matters.

12:18

13 Q. Do you know when Deloitte was retained by  
14 InaCom?

15 A. I believe it was in May 2000.

12:19

16 Q. Back to the CompuCom transaction. The  
17 business that was to be sold to CompuCom, was it  
18 intended to be what I would call a continuing  
19 business, a business that would remain intact or was  
20 it going to be liquidated by CompuCom?

12:19

21 MR. CAINE: Objection, no foundation.

22 A. To the best of my knowledge, it was a  
23 business that would have continued. CompuCom would  
24 have continued to service the InaCom customers.

25 Q. (BY MS. STREUSAND) And the InaCom employees

12:20

1 would continue to have jobs, correct?

2 A. I assume so. Most of them, I assume, you  
3 know, just like any other merger of two giants,  
4 there's always sort of a re-sizing that takes place,  
5 but yeah.

12:20

6 Q. But InaCom's remaining business fundamentally  
7 was a service business, correct?

8 A. That's correct.

9 Q. And so if CompuCom was interested in buying  
10 it, it was to buy what I would call the brain power  
11 from the InaCom business, correct?

12:20

12 A. Right.

13 Q. Would goodwill have been included as part of  
14 the purchase price that InaCom was going to sell that  
15 business to CompuCom?

12:21

16 MR. CAINE: Objection, no foundation,  
17 calls for speculation.

18 MR. ABBOTT: I object to the form, but  
19 you can answer.

20 A. Uh-huh. The answer to that question depends  
21 on what the sales price was in comparison to what the  
22 net assets acquired were.

12:21

23 Q. (BY MS. STREUSAND) And you don't know?

24 A. (Shakes head negatively). I don't have that  
25 information.

12:21